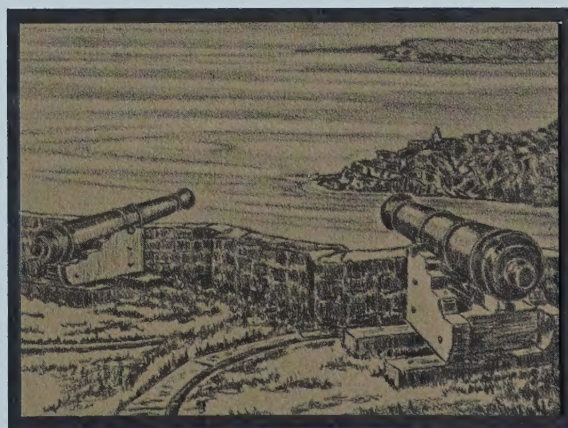


AR51

1969



82nd ANNUAL REPORT

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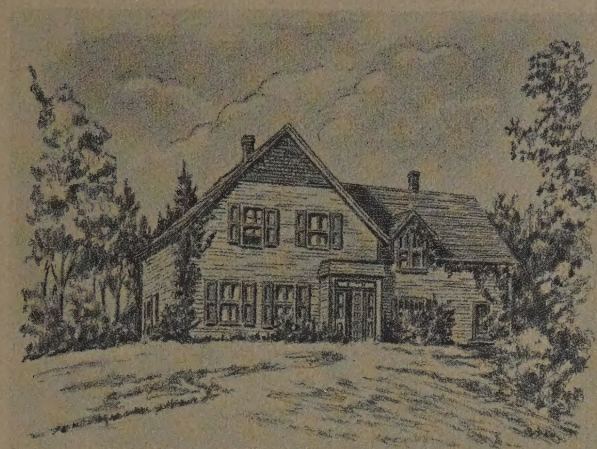
THE EASTERN CANADA SAVINGS AND LOAN COMPANY

*Apr 2, 80*

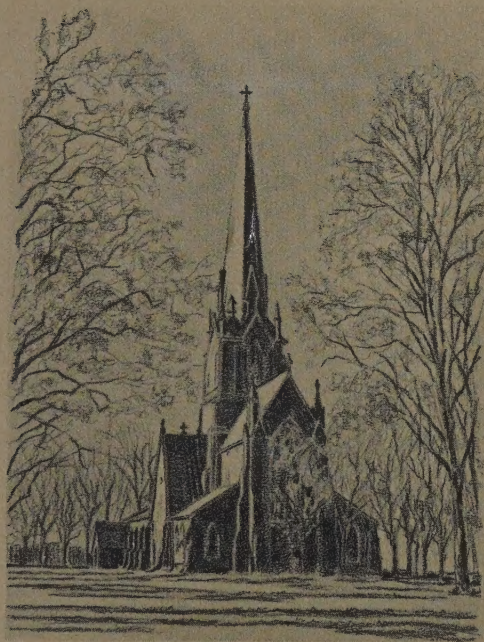








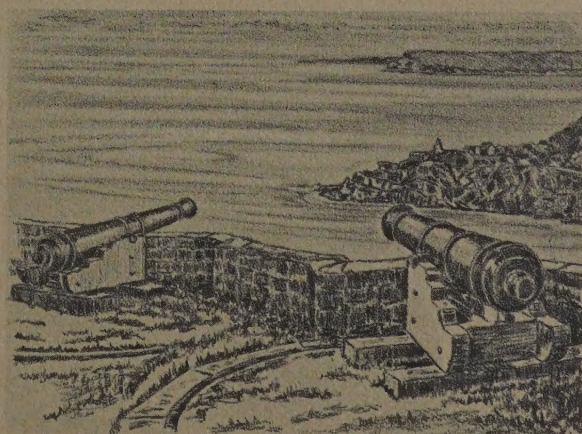
*"Green Table" Cavendish, Prince Edward Island*



*Christ Church Cathedral  
Fredericton, New Brunswick*



*Old Town Clock Halifax, Nova Scotia*



*Queen's Battery  
St. John's, Newfoundland*





*Regency - 1800*

*L. B. Jenson*

### **ABOUT THE ARTIST:**

L. B. Jenson was born in Calgary, Alberta, in 1921. At an early age he went to sea and served around the world with the British and Canadian Navies. For a number of years he was a Frigate and Destroyer Captain sailing out of Halifax, and upon his retirement, he settled in Nova Scotia. Mr. Jenson has written and illustrated several books about Nova Scotia, its historic buildings, its seascapes, and its ships.



The  
EASTERN CANADA  
Savings and Loan Company  
Halifax, Nova Scotia, Canada

82nd  
ANNUAL REPORT  
1969

Federally Incorporated  
Established 1887

Member: Canada Deposit Insurance Corporation



# REPORT OF THE DIRECTORS

for the year ending December 31, 1969

## TO THE SHAREHOLDERS:

Your Directors are pleased to present the 82nd Annual Report of the Company, including the Financial Statements and the Auditors' Report for the year ending December 31, 1969.

In spite of abnormal financial conditions and great stringency imposed by the fiscal and monetary authorities all over the world, this has been one of the more successful years in your Company's history.

### Earnings

Gross income totalled \$11,107,000, and increased \$1,562,000 or 16.4% over 1968. Operating profit increased from \$1,575,000 to \$1,789,000, an increase of \$214,000 or 13.6%. Net Profit amounted to \$908,000, and showed a gain of \$98,000, an increase of 12.1% over the corresponding figure last year. It is gratifying that the percentage of growth in gross income was substantially carried through to net profit. This result was achieved after absorbing the higher cost of borrowed money, which rose 18.0% during the year, and generally rising administration costs which were higher by 10.4%. On a share basis, net earnings totalled 45.4¢ a share, as contrasted with 40.5¢ in 1968.

### Dividends

Regular dividends of 5¢ per share were paid for the first two quarters, and 6¢ per share for the third and fourth quarters. An extra year-end dividend of 7¢ from this year's earnings was declared for a total of 29¢. This amounted to \$580,000 or 63.9% of net profit.

### Assets

Assets in 1969 increased to \$145,156,000, an increase of \$13,565,000 or 10.3%, exceeding an 8.5% growth in 1968.

Note 2 to the financial statements discloses that the item "other assets", includes \$60,000, which represents income tax paid on profits resulting from the sale of certain shares from the company's investment portfolio during the years 1967 and 1968. The directors of the company are of the opinion that the gains realized from the sale of shares from the investment portfolio of the company should not be subject to income taxes. Therefore, on the advice of our legal and financial advisers, we are contesting these assessments, and will carry this matter to the Courts if necessary.



## **Mortgages**

The mortgage portfolio in 1969 grew by \$13,905,000, or 11.62%, to a total of \$133,601,000, as compared to \$119,696,000 for the previous year. The increase this year exceeds that of each of the last three years, which is noteworthy, considering that mortgage interest rates rose more sharply and to a higher level this year than in any year in your Company's 82 years of operation.

## **Investments**

The value of bond portfolios of almost all endowment, pension and investment funds have been considerably reduced in recent years by inflation, and last year by a sharp cyclical market decline. Your Company's portfolio has been no exception, and as a result, both the net book value and the Department of Insurance amortized values are higher than the market values.

The market decline has also affected the value of the portfolio of bank, public utility and high grade industrial common and preferred stocks. In this case, the market value of this portfolio is valued at considerably more than book value, but not sufficient to offset the deficiency in the value of the bonds. However, normally the bonds are held to maturity, and there is very little trading in either portfolio, as they are held for long term investment and security purposes. Under these circumstances, market conditions will in time almost certainly adjust the deficiency and probably reverse the over-all situation.

On account of the very stringent borrowing conditions prevailing during the year, your Company has maintained a very liquid position. As a result, at the year-end, there was \$2,148,000 in either cash or very short term deposit receipts. While it would have been more profitable to invest these funds in higher interest-bearing mortgages, it was considered more prudent to remain highly liquid, so as to be able to deal with any unexpected situation which might occur in this kind of a market.

## **Debentures and Deposits**

The debenture market has been extremely active during the year. There have been seven increases in interest rates, which came into effect periodically, and have brought the five year rate from 7¾% to an historic high of 9%. In spite of severe fiscal and monetary restraints, we have had a record year in the sale of debentures. The portfolio as at December 31, 1969, was over \$114,000,000, representing an increase of \$11,600,000, or 11.3%. This is undoubtedly, we believe, a manifestation of the confidence with which the general public and the financial community regard the Company.

Interest rates on savings accounts have also increased twice during the year, rising from a 5% rate on over-the-counter withdrawal accounts to 6½%. Total deposits at the end of the year amounted to almost \$20,000,000, as compared to last year's \$18,650,000, or an increase of 7.2%.



## Branches

At present, there are ten branches of your Company in operation throughout the Atlantic Provinces.

During the year, no new branches were opened, due largely to the fact that we were consolidating our position in the two new branches opened during the preceding year. Both of these—Kentville and Bathurst—showed a good record of growth and progress.

Feasibility surveys are being done to determine the areas which have the greatest growth potential for the location of future branches, and it is likely that some of these will be developed in due course.

## Staff

In July, one of the most valued members of the Executive Staff retired, after 38 years of faithful service. For all this time, H. M. ("Herb") McInnes has served the Company efficiently and well in many capacities, and most recently as Assistant General Manager. For many years he has been exceedingly well and favourably known in the business and financial community of the Atlantic region. As a mark of appreciation for his fine contribution, Mr. McInnes has been suitably honored and rewarded by the Company and all the staff, who, together with the customers, will miss him greatly.

The year also recorded the appointment of the first lady Manager in the Company's 82 year history. Miss Velma Andrew, of Charlottetown, Prince Edward Island, became Manager of the Charlottetown Branch on December 1, 1969. She brings to her new position a thorough knowledge of financial and business matters in the Island's Capital City, as well as considerable experience in all facets of your Company's operations.

The Company's branches and Head Office are staffed by 90 employees, 53 of whom are women. We are proud of our people. They are dedicated, interested in their work, and are extremely capable and proficient. The staff have given excellent service in 1969, and their experience, cooperation and pleasant personalities make the Company an efficiently operating, and harmonious place in which to work. We believe that our employees constitute the Company's most valued asset.



## **Advertising**

A major change was effected this year in the method of handling advertising. Previously, we had retained the services of Advertising Agencies, but in February, we established our own advertising department. We now have a full-time advertising manager, whose education and working experience are well suited to our needs.

The new Department works directly with our Branch Managers, and plans advertising on a specialized basis, as suited to each Branch area. This system permits individual contacts, better continuity, and area coverage. It should also provide greater efficiency.

## **Data Processing**

This year, your Company has taken another important step in the automation of its record keeping. Some fifty thousand debenture records have been converted to the computer in a program which began early in 1969. This will provide more effective and accurate debenture record keeping. Present costs will not be reduced, but there will be considerable savings as volume expands with future growth.

At the present time, we are using computer techniques to process both mortgage and debenture records. Next year, all Company operations will be studied to determine which areas would benefit most by conversion to computer processing. At the same time, all manual systems will be reviewed and modernized. Based on the results of this survey, an up-dated computer system will be programmed to cover the new processes, and the complete change-over is planned for 1971.

Realizing the advantages of computerization, your Company has added to its staff, a Systems Analyst, who has been in charge of conversions to date, and who will review all aspects of the Company's work patterns and methods.



## Directors

At the end of the year, J. C. MacKeen, who has been a Director of the Company since 1950, and Vice-President for the last 17 years, resigned from the Board. This came about as a result of the requirement of the newly amended Bank Act, which no longer permits Bank directors to remain on the Boards of other Canadian financial institutions. Mr. MacKeen's resignation was tendered and accepted with much regret. He has provided most valuable advice and judgment to the Board for the 20 years of the company's greatest expansion and growth, and will be greatly missed.

## Outlook

The White Paper for Tax Reform, if implemented by legislation, would have a serious effect on your Company as well as on all savings institutions. The increased taxation rates on the middle income group, who accumulate the bulk of the savings, plus the payment of capital gains tax on the five year revaluation of securities, will result in both a disincentive to save and a transfer of funds from savings to government revenues, where they will be promptly spent. The immediate and certainly the long term effects of these tax proposals could well turn out to be tragic for the economy of the country. It seems to be forgotten that the only pool of capital for this or any industry or project comes from savings. There is no other source. Governments do not create capital. To an especially capital-hungry and rapidly expanding nation like Canada, a policy to encourage spending at the expense of saving would indeed be an unfortunate thing. We join the many bankers and leaders of financial firms, who have drawn this aspect of the White Paper to the attention of the Government. Fortunately there appears to be recognition of the validity of this point of view, and it is to be hoped that this aspect of the proposal will be eliminated.

Because of the great stresses and strains of wide-spread inflation, the strong restraining forces of central governments and banks on the economy, and abnormally high interest rates and scarcity of money, it is particularly difficult to predict the outlook for this industry in the year ahead.



While the economic brakes were firmly applied in 1969, the money market did find unexpectedly large pools of capital in the last liquid reserves of the banking system and in Eurodollars. These have, however, now been exhausted, and it would appear that the crunch will really take effect in the first half of 1970. Business should slow down appreciably, and in the latter half, some of the pressures should be relieved, with the likelihood of somewhat easier money at slightly lower rates.

It is, therefore, very doubtful that Canada will keep pace with the all-time record of 210,000 new housing and apartment units started in 1969. Nevertheless, a very high priority has been placed by all governments on housing in Canada and upon spending in the Atlantic region. Under these circumstances, 1970 should hold out reasonable prospects for the continued growth and expansion of your Company during its 83rd year of operation.

*On behalf of the Board,*

*Harold P. Connor*

HAROLD P. CONNOR,  
*President*





# HIGHLIGHTS OF 1969

	1969	1968
Assets . . . . .	\$145,156,000	\$131,591,000
Mortgages . . . . .	133,601,000	119,696,000
Debentures and Deposits . . . . .	134,008,000	121,047,000
Operating Profit . . . . .	1,789,000	1,575,000
Income Taxes . . . . .	881,000	765,000
Net Profit . . . . .	908,000	810,000
Per Share (cents) . . . . .	45.4	40.5
Dividends . . . . .	580,000	540,000
Per Share (cents) . . . . .	29.0	27.0



Academy c. 1780



# STATEMENT

## OF PROFIT AND LOSS

### AND UNDIVIDED PROFITS

YEAR ENDED DECEMBER 31, 1969

With comparative figures for 1968

	1969	1968
Income . . . . .	\$11,107,000	\$ 9,545,000
Cost of borrowed money . . . . .	8,146,000	6,906,000
Administration expenses . . . . .	1,072,000	971,000
Depreciation . . . . .	100,000	93,000
	9,318,000	7,970,000
Operating profit . . . . .	1,789,000	1,575,000
Income taxes (note 1):		
Current . . . . .	881,000	465,000
Deferred . . . . .	—	300,000
	881,000	765,000
Net profit . . . . .	908,000	810,000
Dividends . . . . .	580,000	540,000
Amount carried forward . . . . .	328,000	270,000
Profit on sale of common stocks . . . . .	7,000	25,000
Balance of undivided profits at the beginning of the year . . . .	1,679,000	1,384,000
Balance of undivided profits at the end of the year . . . . .	\$ 2,014,000	\$ 1,679,000

See accompanying notes to the financial statements.



English Sambre c. 1760



# BALANCE SHEET DECEMBER 31, 1969

With comparative figures for 1968

## ASSETS

	1969	1968
Cash on hand and on deposit. . . . .	\$ 2,148,000	\$ 2,562,000
Bonds at cost and accrued interest. . . . .	6,651,000	6,598,000
Allowance for diminution in value. . . . .	300,000	300,000
Net bonds. . . . .	6,351,000	6,298,000
Quoted market value, December 31, 1969 — \$4,982,000 1968 — \$5,435,000		
Stocks at cost. . . . .	1,546,000	1,506,000
Quoted market value, December 31 1969 — \$1,828,000 1968 — \$2,037,000		
Mortgages, agreements and accrued interest. . . . .	133,601,000	119,696,000
Office premises at cost. . . . .	1,753,000	1,750,000
Accumulated depreciation. . . . .	457,000	405,000
Net office premises. . . . .	1,296,000	1,345,000
Equipment and furnishings, at cost. . . . .	244,000	223,000
Accumulated depreciation. . . . .	161,000	114,000
Net equipment and furnishings. . . . .	83,000	109,000
Leasehold improvements, at cost. . . . .	7,000	52,000
Amounts written off. . . . .	1,000	41,000
Net leasehold improvements. . . . .	6,000	11,000
Other assets (note 2). . . . .	125,000	64,000
	<b>\$145,156,000</b>	<b>\$131,591,000</b>

1. In addition to the deferred income taxes recorded on the books of the company, in the amount of \$580,000., income taxes were reduced in prior years by an aggregate amount of \$1,059,000 as a result of claiming a mortgage reserve and other deductions for income taxes in excess of amounts charged in the company's accounts. No provision is being made in the company's accounts at this time for this latter amount.

An amendment to the Income Tax Act has reduced, by one-half, the maximum amount permitted to be deducted from income as a mortgage reserve, subject to certain transitional provisions. This amendment has restricted the company from claiming any deductions for mortgage reserves in the current year; and accordingly, was unable to defer any portion of the current year's income tax liability.

2. Other assets include \$60,000., which represents income tax paid on profits resulting from the sale of certain stocks during the years 1967 and 1968. This tax was paid in accordance with assessments made by the Department of National Revenue. The company does not agree with the position taken by the Department of National Revenue, and is taking the necessary legal steps in an attempt to have the assessments revised.



## LIABILITIES

	1969	1968
Dividends payable . . . . .	\$ 260,000	\$ 240,000
Income taxes payable . . . . .	182,000	236,000
Mortgagors' deposits for taxes . . . . .	1,493,000	1,249,000
Deposits . . . . .	19,990,000	18,652,000
Debentures and accrued interest . . . . .	114,018,000	102,395,000
Other liabilities . . . . .	119,000	60,000
	<b>136,062,000</b>	<b>122,832,000</b>

### Deferred credit:

Deferred income taxes (note 1) . . . . .	580,000	580,000
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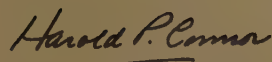
## SHAREHOLDERS' EQUITY:

### Capital stock:


<i>Authorized — 3,000,000 shares par value \$1. per share</i>		
<i>Issued and fully paid — 2,000,000 shares . . . . .</i>	<b>2,000,000</b>	2,000,000
Reserve fund . . . . .	<b>4,500,000</b>	4,500,000
Undivided profits . . . . .	<b>2,014,000</b>	1,679,000
Total shareholders' equity . . . . .	<b>8,514,000</b>	8,179,000

<b>\$145,156,000</b>	<b>\$131,591,000</b>
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Approved on behalf of the Board:



Harold P. Connor  
President



Donald M. Smith  
Vice-President



F. A. Milne  
General Manager



# AUDITORS' REPORT

## TO THE SHAREHOLDERS

We have examined the balance sheet of The Eastern Canada Savings and Loan Company as of December 31, 1969 and the statement of profit and loss and undivided profits for the year then ended and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, these financial statements are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company at December 31, 1969 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PEAT, MARWICK, MITCHELL & CO.  
*Chartered Accountants*

Halifax, N.S.  
January 14, 1970



*Victorian Gothic c. 1880*



# COMPANY'S RECORD OF PROGRESS

FISCAL YEAR	ASSETS	MORTGAGES	DEBENTURES AND DEPOSITS	CAPITAL RESERVES AND SURPLUS	NET PROFIT	EARNINGS PAID	
						PER SHARE	PER SHARE
1898	529,000	392,000	300,000	129,000	11,000	11.2	6.0
1908	1,015,000	720,000	425,000	340,000	23,000	9.0	7.0
1918	2,104,000	1,624,000	1,130,000	599,000	44,000	11.7	8.0
1928	3,337,000	3,171,000	2,196,000	1,135,000	87,000	11.6	8.0
1938	4,574,000	4,079,000	3,406,000	1,161,000	65,000	8.7	7.0
1948	12,158,000	11,519,000	10,247,000	1,812,000	139,000	13.8	7.0
1958	38,228,000	33,024,000	34,432,000	3,603,000	353,000	23.5	11.0
1960	46,036,000	41,065,000	41,532,000	4,062,000	375,000	25.0	12.5
1961	55,077,000	48,508,000	50,133,000	4,321,000	401,000	26.7	13.5
1962	66,994,000	58,407,000	60,878,000	5,342,000	468,000	26.7	16.5
1963	75,065,000	68,012,000	68,333,000	5,753,000	508,000	29.0	18.5
1964	90,353,000	81,186,000	82,614,000	6,615,000	602,000	30.1	22.5
1965	105,505,000	97,227,000	97,365,000	7,026,000	628,000	31.4	23.0
1966	114,446,000	105,461,000	105,563,000	7,517,000	728,000	36.4	25.0
1967	121,691,000	111,736,000	111,513,000	7,884,000	821,000	41.0	27.0
1968	131,591,000	119,696,000	121,047,000	8,179,000	810,000	40.5	27.0
1969	145,156,000	133,601,000	134,008,000	8,514,000	908,000	45.4	29.0



# DISTRIBUTION OF THE INCOME DOLLAR

COST OF MONEY.....	\$0.73
ALL OTHER EXPENSES.....	0.11
INCOME TAX.....	0.08
DIVIDENDS.....	0.05
RETAINED.....	0.03
TOTAL.....	<u>1.00</u>



*Cape Cod c.1790*





## HOW YOUR COMPANY OBTAINS MORTGAGE FUNDS . . . By Savings Deposits and the sale of Debentures

### ACCUMULATIVE DEBENTURES

Accumulative Debentures are registered as to principal, or in bearer form. Interest is compounded semi-annually and is payable on maturity by single coupon.

### REGISTERED DEBENTURES

Registered Debentures are fully registered, transferable only on the books of the Company, and interest is payable by cheque semi-annually.

### DEBENTURES

Debentures are coupon bearing certificates which are issued either in bearer form or registered as to principal. Interest is payable semi-annually, the first coupon due six months after date of issue.

Accumulative Debentures, Registered Debentures and Debentures are a trustee investment in the Provinces of Nova Scotia, Newfoundland, Prince Edward Island, New Brunswick, Ontario and Alberta.

### CASHING COUPONS AND INTEREST CHEQUES

All coupons and interest cheques may be cashed at par at any Bank in Nova Scotia or at any Branch of the Bank of Nova Scotia or Royal Bank of Canada in Canada.

### DEBENTURES AT MATURITY

At maturity the Debentures may be re-invested with the Company at the current rate of interest then prevailing, or at the holder's option they may be cashed at par at the Company's Office or at any Bank in Nova Scotia or any Branch of the Bank of Nova Scotia or Royal Bank of Canada in Canada.

### SAVINGS ACCOUNTS

Accounts with over-the-counter withdrawals, or with full chequing privileges.



# GROWTH OF YOUR COMPANY

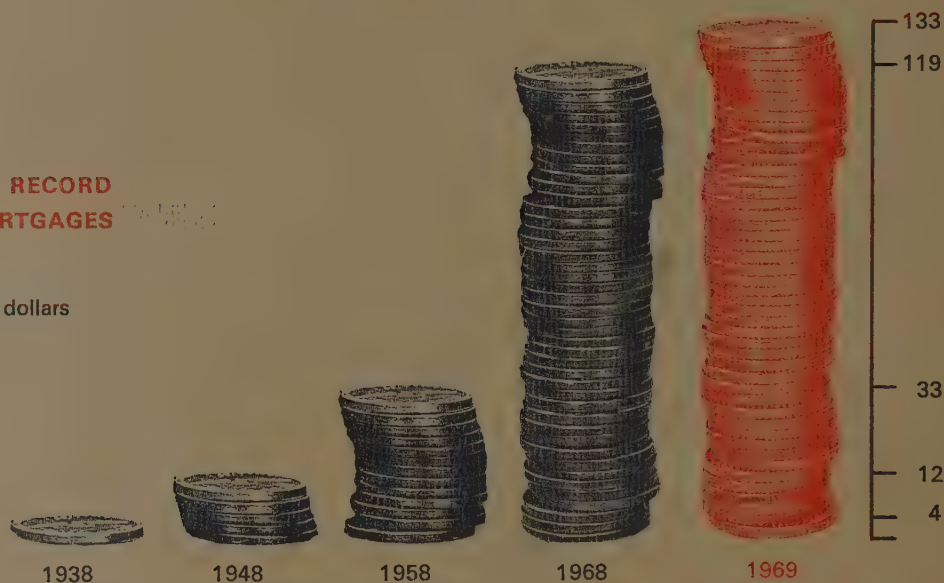
## 31 YEAR RECORD FOR ASSETS

Millions of dollars



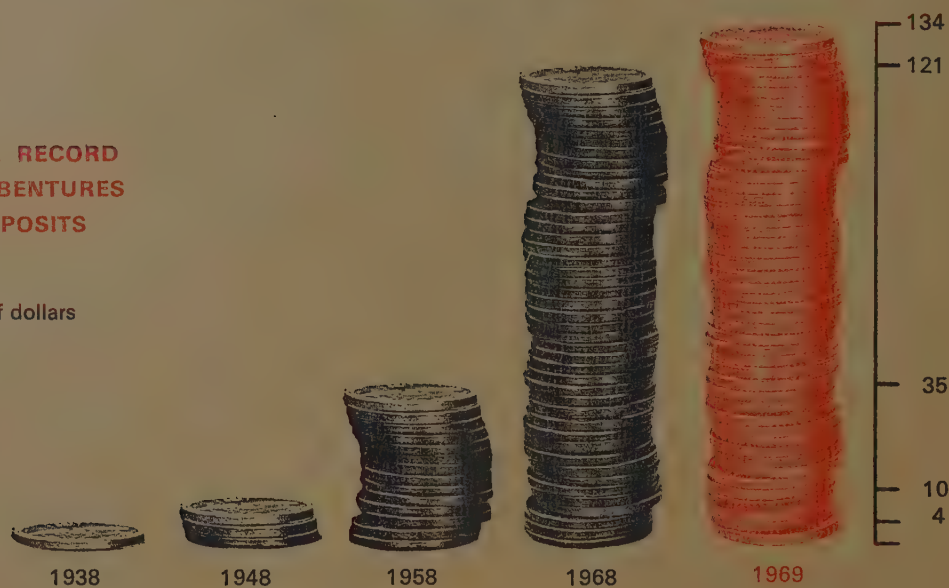
## 31 YEAR RECORD FOR MORTGAGES

Millions of dollars



## 31 YEAR RECORD FOR DEBENTURES AND DEPOSITS

Millions of dollars





## BRANCHES:

1819 Granville Street, Halifax, N.S.  
270 Dutch Village Road, Halifax, N.S.  
140 Portland Street, Dartmouth, N.S.  
31 Webster Street, Kentville, N.S.  
170 Water Street, St. John's, Newfoundland  
Churchill Park Square, St. John's, Newfoundland  
85 Queen Street, Charlottetown, P.E.I.  
1199 Main Street, Moncton, N.B.  
212 Queen Street, Fredericton, N.B.  
Bathurst Shopping Mall, Bathurst, N.B.

**HEAD OFFICE: 1819 Granville Street, Halifax, N.S.**

## AGENTS:

Thornes Limited, Corner Brook, Newfoundland  
Reginald F. Davis, Grand Falls, Newfoundland  
Paul P. D. Hatty, Saint John, N.B.  
J. Reigh Barnes, Windsor, N.S.  
C. Hanson Dowell, Middleton, N.S.  
Fulton's Insurance Agencies Limited, Truro, N.S.  
R. A. Laurence, Annapolis Royal, N.S.  
Hicks and LeMoine, Amherst, N.S.  
A. G. Macdonald, Windsor, N.S.  
MacIntosh, MacDonnell and MacDonald, New Glasgow, N.S.  
A. D. McInnis, Antigonish, N.S.  
Mrs. Jean C. MacPherson, Antigonish, N.S.  
Sullivan, Smith, Campbell and Boudreau, Sydney, N.S.  
J. D. Orlando, Bridgetown, N.S.  
Irving C. Pink, Yarmouth, N.S.  
T. C. Sedgwick, Pictou, N.S.  
Graham L. Saunders, Digby, N.S.  
Curtis Chipman, Wolfville, N.S.  
G. A. Tidman, Kingston, N.S.  
Mrs. Harold MacRae, Commercial Agencies Limited, Glace Bay, N.S.  
Edward Robertson, New Glasgow, N.S.  
Lee J. Johnston, Wolfville, N.S.  
Doucet, Andrea and Kelly, Port Hawkesbury, N.S.  
Holloway Insurance Ltd., Liverpool, N.S.  
W. G. Haughn Insurance Agency Ltd., Lunenburg, N.S.  
Harding Real Estate, Bridgewater, N.S.  
Nauss Brothers Limited, Bridgewater, N.S.  
C. N. Kaulback, Bear River, N.S.





# THE EASTERN CANADA SAVINGS AND LOAN COMPANY

## BOARD OF DIRECTORS

Harold P. Connor	<i>President</i>
Donald M. Smith	<i>Vice-President</i>
Frank A. Milne	<i>Director</i>
A. Gordon Archibald	<i>Director</i>
Gordon D. Stanfield	<i>Director</i>
H. Reuben Cohen	<i>Director</i>
Charles E. MacCulloch	<i>Director</i>

## EXECUTIVE OFFICERS

Harold P. Connor	<i>President</i>
Donald M. Smith	<i>Vice-President</i>
Frank A. Milne	<i>General Manager</i>
Douglas H. Cochrane	<i>Assistant General Manager and Secretary</i>

## DEPARTMENT MANAGERS

Grant A. Warwick	<i>Chief Accountant</i>
Michael E. Doyle	<i>Systems Analyst</i>
Ronald E. Briggs	<i>Computer Supervisor</i>
W. Philip Jones	<i>Mortgage Manager</i>
Charlotte L. Williams	<i>Debenture Manager</i>
G. Elizabeth Macdonald	<i>Advertising Manager</i>

## BRANCH OFFICE MANAGERS

Harold Kempster	Halifax, N.S.
Grant A. Maxwell	Fairview, Halifax, N.S.
Ralph J. Sanford	Kentville, N.S.
Edward Tomes	Dartmouth, N.S.
Robert B. Croft	Bathurst, N.B.
Wayne V. Dauphinee	Fredericton, N.B.
Ralph W. Dickey	Moncton, N.B.
Claude E. Dawe	Newfoundland Manager
Robert S. Haines	Churchill Park, St. John's, Newfoundland
Velma F. Andrew	Charlottetown, P.E.I.



*Some Early Domestic Architecture  
of Eastern Canada*



*Victorian Gothic c.1880*



*"Link Bottle" Octagon House - 1871*



*Cape Cod c.1790*



*Salt Box c.1790*



*English Gambrel c.1760*



*Acadia c.1780*



*Georgian-1814*



*Garrison Georgian  
c.1820*



*Regency - 1800*



*Scottish Stone c.1830*

*L.B. Jensen*















